

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
KNOTT COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period
July 1, 2006 Through June 30, 2007**



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AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

Robert M. Burnside, Secretary, Finance and Administration Cabinet
The Honorable Ed Slone
Knott County Property Valuation Administrator
Hindman, Kentucky 41822

We have performed the procedures enumerated below, which were agreed to by the Knott County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for period July 1, 2006 through June 30, 2007. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Knott County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (June 30, 2007), for all bank accounts, to determine if amounts are accurate.

Finding -

The PVA does not maintain a receipts ledger, a disbursements ledger, and does not reconcile bank records to the books each month.

Knott County PVA's Response - Due to a computer crash a couple of months ago, we lost data showing that we had a receipt ledger and did reconcile bank records each month. We have since then incorporated a better backup system to this computer and hopes that this will take care of this problem.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

City payments agreed to PVA's checkbook and bank records.



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3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

The fiscal court budgeted and paid the statutory contribution to the PVA. Fiscal court payments made to the PVA were deposited timely and agreed to the PVA's checkbook.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Selected disbursements agreed to cancelled checks and paid invoices. Expenditures appeared to be for official business. Auditor noted a late fee was assessed on a June 2007 credit card statement.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

The PVA made no capital outlay disbursements during the period ended June 30, 2007.

6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

The PVA does not have any lease agreements, personal service contracts or professional service contracts.

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7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

We could not determine if the PVA overspent an account series because the PVA did not prepare a disbursements ledger, therefore, we were unable to compare budgeted to actual expenditures.

Knott County PVA's Response - Look back to response in question one and I really believe that since we are now backing up our computer on a monthly basis this problem has been solved.

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if a collateral agreement exists.

Finding -

The PVA's funds did not require collateral to be pledged by the bank.

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

Timesheets are completed, maintained and support hours worked.

10. Procedure -

For newly hired employees, during July 1, 2006 through June 30, 2007, of the PVA office determine if the Ethics Certification Form has been completed and is on file.

Finding -

New employees hired July 1, 2006 through June 30, 2007, signed the Ethics Certification Form, and the PVA maintained a copy of the form for his files.

11. Procedure -

Determine if the PVA's office was closed any day other than the state's approved holidays. If so, determine if the proper procedures and forms were completed.

Finding -

The PVA maintained appropriate documentation for days the office was closed other than state approved holidays.

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Knott County Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

August 1, 2007

